AGENDA SUMMARY PAGE
AUDIT OVERSIGHT COMMITTEE MEETING OF: DECEMBER 6, 2007

DEPARTMENT: CITY AUDITOR'S OFFICE
DIRECTOR: RADFORD SNELDING

☐ Consent   ☒ **Discussion**

SUBJECT:
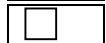Discussion and possible action on Audit of Building and Safety Permit Division (0753-0708-01)

Fiscal Impact

☒   **No Impact**   ☐ **Augmentation Required**
☐   **Budget Funds Available**
 Amount:
 Funding Source:
 Dept./Division:

PURPOSE/BACKGROUND:
To review the Audit of Building and Safety Permit Division with the Audit Oversight
Committee.

This audit was part of the authorized Audit Plan FY 2007-2008.

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
Audit of Building and Safety Permit Division (0753-0708-01)
Submitted after meeting – PowerPoint presentation

Motion made by STEVE WOLFSON to Approve and accept the report on the Audit of Building
and Safety Permit Division

Passed For: 0; Against: 4; Abstain: 0; Did Not Vote: 0; Excused: 1
None; (Against-STEVE WOLFSON, PAUL WORKMAN, JOSE TRONCOSO, MICHAEL W.
KERN); (Abstain-None); (Did Not Vote-None); (Excused-LARRY BROWN)

Minutes:
Mr. Snelding noted that Internal Auditor Nancy Beatty and Director of Building and Safety Paul
Wilkins were present and prepared to make the presentation. Ms. Beatty updated the Committee
on the audit of Building and Safety Permit Division by referencing PowerPoint slides, a copy of
which has been added to the final record.

Ms. Beatty pointed out the findings, which were controlled deficiencies within the Legacy
system. The department is in the process of a system migration to Hansen to address all issues
relative to the refund process, inspections, building permits that have expired and operator errors
on certain transactions.

Regarding operator errors, Ms. Beatty explained to Member Wolfson that when this happened, the permits were issued and fees were collected within that week; the transactions were deleted but not voided out. With the new system, the operator will not have the ability to delete the transaction.

For Fiscal year ending June 30, 2006, the revenue per the internal report was less than what was on the audited financial statements, and the evaluation report did not include refunds that were processed for cancelled projects. In addition, some employees did not have appropriate computer access and some were not logging off appropriately. Building and Safety management has responded to the audit recommendations, and their action plan and estimated completion dates were included in this report. Ms. Beatty thanked Building and Safety personnel for their assistance during this audit, as they have been receptive and have begun the implementation process. Mr. Wilkins added this was a good experience with great cooperation during the audit. Over the past 15 years, the department has issued over one billion dollars. It is good to have auditors come in and make these changes. He added that six of the eight outstanding issues have been completed.

Chairman Kern asked if this will be a full migration from Legacy to the new Hansen system. Mr. Wilkins requested his supervisor, Yolanda Palomo, elaborate on the inquiry. Ms. Palomo confirmed that it is a full migration to the Hansen system. The historical items will remain in Legacy but everything is scanned in their computer system, so everyone will continue to have access. There will be a full record retention schedule and will be maintained and reviewed on a yearly basis.

Because of possible lawsuits, Chairman Kern believed it was important in today's environment to have access at any time of these records. Ms. Palomo stated they are in the last phase of migration and are in compliance with all of the City's policies on retention periods. Chairman Kern requested having information pertaining to any migration between systems be included in the report. Mr. Wilkins informed the Chairman that the completion time is March 2008 on both the fee assessment and the cashiering system.

Member Workman asked about the different fees of 61 and 105 dollars. Ms. Beatty responded that there is a schedule based upon the evaluation of the project. It is based upon the highest calculated or declared valuation; one was based upon the lower end. Testing has been done to resolve this issue.